

Department of Administrative Services

Internal Scan

The following is in response the four questions that were asked. The Department of Administrative Services is a unique department as we are formed to provide services to state agencies and employees so that they can carry on the work of State Government. Therefore, we do not provide direct services to the public. We have eight divisions as listed below:

1. The aging population will have a minor or no impact on the seven following agencies from the Department of Administrative Services:

- a. Division of Administrative Rules
- b. Office of Debt Collection
- c. Division of Finance
- d. Division of Fleet Operations
- e. Division of Purchasing and General Services
- f. Division of State Archives
- g. Division of Risk Management *

The agency that will **most be affected is the Division of Facilities Construction and Management (DFCM)**. The projected demographic changes for the state of Utah indicated that DFCM will indeed be affected by an aging population. The next twenty five years will bring to Utah's population explosive growth, increased diversity, construction industry shortages of materials and labor, as well as changes in construction types and methods. DFCM will probably be more affected by these issues than by the aging components of the demographics.

2. DFCM will need to address the following aging factors:

- Staffing – State wages are typically lower than the construction industry real estate levels for technical positions. Replacement employees for these positions will need to be recruited and encouraged to work for DFCM. If benefit packages decrease, it will be all the more difficult to hire quality employees.
 - DFCM Retirements 2006-2007 = 7
 - DFCM Retirements 2011-2016 = 10
 - DFCM Retirements 2016-2026 = 16

This is a total of 33 of 150 FTEs

- Construction and Design Firms – Utah has been blessed with high quality architectural firms for the past fifty plus years. Several of the more successful and largest have been around for a long time. This is about to change as retirements, ownership and partnership adjustments are implemented. The top five or six construction firms are traditionally family owned and are undertaking major changes caused by the aging demographics. DFCM will have to continue to develop trusted relationships with a variety of newly established design and construction firms. There is already a loss of institutional knowledge and experience that is recognizable in the construction industry. Construction quality may decrease while construction costs are escalating.
- Construction Types – The need/demand for State of Utah General Fund dollars for the past years have been mostly requested by Higher Education. The nine campuses and UCAT have received nearly two-thirds of the state's appropriated funds established for new buildings. New requests coming from the State Hospital, Corrections, National Guard, Veterans, Human Services and the Health Department, among others, indicated that the aging demographics are shifting the State's needs for new buildings to those agencies that provide state services. The focus may shift from education to facilities to service senior citizens. New office space for state agencies and/or departments is becoming critical.
- Existing buildings – In addition to the aging population is the aging of the state's buildings. The 2006 estimate of deferred maintenance costs of the state's existing facilities for the next ten years is \$1.3 billion. Sixty percent of the State's buildings, including Higher Education, are over 50 years old. In the years to come, there will be an ever increasing need to repair and/or replace existing state owned facilities.
- The changing demographics may also change the location focus of state facilities. Most of the Departments that fill the needs of the State's population exist along the Wasatch Front. The population growth at Utah's resort communities such as St. George, Cedar City, Moab, and Park City will shift demands for state facilities to these growth communities.
- An aging population will also require additional health care facilities, human service facilities, rest homes and senior citizen care centers. This need will only affect DFCM as state facilities are funded to support some of these demands.
- Although the aging population and the facilities they require may not use more "energy" than any other demographic age group, it is well documented that energy costs will soar during the next twenty years. This will have a dramatic effect on DFCM facility maintenance costs.
- * In conjunction with state facilities, our Division of Risk Management, while not directly affected by the aging population, stipulates that the aging of state

property assets and facilities is a concern. As structures age, liability and coverage issues may be impacted. For instance, insuring a 50 year old school building without fire sprinklers and without seismic upgrades presents a more difficult risk scenario than insuring a new, fully code compliant building. Therefore, aging state owned buildings is a concern from a Risk Management standpoint and to the aging population and the citizens of Utah that it may serve in the future.

3. Some objectives have already been established to respond to the listed future needs. Master planning efforts and new buildings constructed recently, provide for additional state health science training facilities and expansion of state facilities in our resort communities. The Department of Human Services' current building needs to be replaced. The state's office facilities are filled to capacity. A master planning committee has been organized to meet with each department to project future expansion needs for the next ten to twenty years. The report is scheduled to be completed by December 2006.

4. Capital Development projects submitted this fall for governmental consideration will be slanted towards economic development, general population growth and higher education needs. However, there is an awareness and a slight shift taking place to address the future needs of an aging population. The master plan, when completed, should be very helpful to all state agencies as they plan for the future in state government and the services they provide to the entire population of Utah, and especially the aging population.

Prioritization

As the DAS group evaluated the Department's eight Division's Brief #1 submittals, a crafted work plan was developed using the "Nominal Group Technique". This technique allowed all Division Directors to submit issues that will have significant impact on their division and agencies they serve. Following the receipt of the submittals as outlined in Brief Part 1, it was apparent to the group that the greatest impact would be upon the Division of Facilities Construction and Management (DFCM) and the Division of Risk Management (DRM). Therefore, the group selected three of their priorities as DAS's priority issues which are outlined below:

Priority #1 –

The need for Utah's aging population will require a shift in the State's priorities in appropriating funds for new state owned facilities. In the past three years, Legislators have funded the renovation of the State Capitol (\$50 million per year) and Higher Education Facilities at 70% of the balance of the Capital Development funding allocation. Most of the needs to fund new facilities that service the aging population have been deferred to future years.

New requests coming from the State Hospital, Corrections, Veterans, Human Service and Health Departments may require the portions of state development funds to be shifted from Higher Education to the needs of other state departments that serve the aging population in a more balanced proportion.

Priority #2 –

Professional staffing is a major concern for DAS as it projects staffing needs currently, and on to the year 2016. An employee survey reveals that 33 of 150 FTE retirements will occur during this time period. Approximately 20 of these employees are architects, engineers, real estate agents and accountants. Private corporation's salary levels make state recruitment of these replacement professions very difficult. State wage and benefit packages have not kept pace with the economic developed construction industry's explosive growth. Loss of Division profession knowledge will be a key issue in the next several years.

Priority #3 –

Two thirds of Utah's population currently lives along the Wasatch Front. However, the population growth forecasted for Utah's resort communities such as St. George, Cedar City, Moab and Park City will shift demands for new state facilities to these growth areas. This will further exacerbate the need to care for the state's aging facilities located in Salt Lake, Utah and Davis counties. Sixty percent of these buildings are over 50 years in age. Their will be needs for billions of dollars to upgrade and replace these buildings during the next 20 years.

Planning

Priority Issue #1

Shift in Capital Development Funding Priorities

Action: Early in 2006, the Director of DAS initiated a master planning effort to project the facility space needs of the agencies of the State of Utah for the next ten years.

Result: The first phase of the master planning effort which reviewed the critical need for office space in the Salt Lake City area is complete. The findings of the consultants indicate that the Department of Human Services, the Health Department and the State Health Lab are all desperate for employee space. The Building Board has established a new State Unified Health Lab as the number one priority for Capital Development funding for the 2007 Legislative Session.

The number four priority for the 2008 Legislative Session, established by the Building Board, is a new Human Service/Health Department office building to provide 150,000 square feet of office space for these two agencies who provide services to the aging population. DAS is hopeful that funding will be provided for this project so it would be available by 2009.

Action: An informational/educational initiative is planned for year 2008 to assist in the shift in priorities from new higher education facilities and the Capitol renovation project to State facilities for agencies. Building Board members, Legislators and other Government officials need to be made aware of critical space needs of the State that have been deferred for several years.

Result: With factual data, site visits and unbiased presentations of institutional, departmental, and agency needs, a shift in priorities may take place as early as the 2008 Legislative Session.

Action: DAS/DFCM has started an “Internal Service Fund Strategic Plan” that will document operation and maintenance costs for state owned facilities. Deferred maintenance is currently projected over the next ten years to be approximately \$1 billion.

Result: The Strategic Plan will address manpower weaknesses and strengths in order to shift manpower to critical areas South and North of the Wasatch Front.

Priority Issue #2

Retirements and Replacement of Professional Employees

Action: Long range planning involving review of organizational charts is underway in all DAS Divisions. Focus is currently on the next two years, and how professional employees will be recruited for key replacement positions.

Results: Approximately 10% of the architects, engineers, real estate agents and other professionals in DFCM and Risk Management will need to be replaced prior to 2008. The Director’s position in DFCM will need to be filled with a new professional. The State’s inability to match professional salary and benefit package levels will be a weakness that will have to be overcome.

Action: Current demands for technical and management level professionals for the design and construction industry are at an all time high in Utah. This level is expected to continue through the next five years. Therefore, grooming of replacement employees must begin within the ranks of State Government. DAS/DFCM has planned monthly training sessions to improve employees’ skills, experience and technical knowledge that will be lost through retirements of technical and professional employees.

Results: DFCM is also developing key relationships with the Utah Chapter of the American Institute of Architects (AIA) and the Associated General Contractors (AGC) leadership to assist in developing a strategy for state recruitment of the needed replacement staff members. Qualifications, experience, and management skill recruitment criteria will be established. Benefits of State employment packages will be outlined and improved as much as possible to stay with the competing industry.

Efforts needed to stop the flow of skilled professionals and quality managers away from state government will be activated. DAS, DFCM, and Risk Management will groom in-house and recruit necessary replacement employees as the need arises.

Priority Issue #3

Capital Development Projects Location Shift

Action: DAS/DFCM is required by State statute to annually submit a Capital Development five-year plan to inform state leadership of the future facility needs submitted by all state agencies and institutions. Beginning in 2007, the “Five Year Book” will more closely address the needs of the communities that are experiencing, and will continue to experience, rapid growth.

Result: DAS/DFCM, as a service oriented department that assists other state agencies and institutions, will collaborate with each governmental agency to identify immediate facility needs and help in projecting future needs. In as much as most of the state’s smaller agencies and departments do not have sophisticated planning groups, DFCM will provide this service as required.

Result: Departments that provide service to communities like Park City, Heber, Moab, Hurricane, Cedar City, and St. George need support in master planning for future facilities that will house important government services. While the State typically has a presence in these communities, their facilities are small and usually leased. This is an economic weakness that needs to be addressed so that increased services can be delivered in a timely and economically viable manner.

Result: The Legislature usually allocates 70% of the Capital Development funding to higher education, which is mostly a Wasatch Front program. A shift to 50% of the appropriation may be likely. This will not be well received by the Board of Regents, but is conceivable because of Higher Education’s ability to attract Federal, research and private donation funding for their needed facilities.

Result: DFCM will develop a strategic plan to reorganize the regional maintenance offices and their staff to meet the needs in the growth communities. The Provo Regional Office will be split with a new group created to service Southern Utah. The Ogden Regional Office may have to be expanded as well to assist with services needed in Park City’s community. Additional employees and equipment will be needed as the growth is experienced. These changes will take place in 2008.